(c) if so, what is the reaction of the Central Government thereto and what further efforts Government are making to save the silk industry in the country?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI KHURSHID ALAM KHAN): (a) to (c) Government of Karnataka has represented for imposition of ban on import of raw silk. However, in view of fact that ALS|REP schemes are export promotion schemes of Government of India and import of silk under these schemes is allowed only for or against exports of silk items it has not been considered feasible to ban import under these schemes. The fact that silk production in the country has been steadily increasing and prices of silk in the local market continue to rule at remunerative levels reveals that import of raw silk under these schemes does not have an adverse effect on domestic production.

Raids conducted by the Income Tax Department in Bombay

1309. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that large number of companies and premises of Raheja group of companies were raided by the Income-tax Departmtnt, Bombay, recently;

(b) if so, what are the details theeof; and

(c) whether it is a fact that the Directors of the above group of companies are trying to influence the officials of the Income-tax Department; if so, what action Government have taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) No. Sir.

(b) and (c) Do not arise.

Activities of foreign intelligence agencies along Tripura-Bangladesh border

1310. SHRI MOSTAFA BIN QUASEM:

SHRI K. MOHANAN:

SHRI SUKOMAL SEN:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Government had taken up the matter regarding increasing activities of CIA and other foreign intelligence agencies like British Special Air Services along the Tripura-Bangladeh border with the Bangladesh President during his recent visit to this country;

(b) whether Government have also taken up this matter with the US Government; and

(c) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN): (a) No, Sir.

(b) No. Sir.

(c) Does not arise.

Indianisation of foreign companies

1311. SHRI VISHVAJIT PRITHVIJIT SINGH:

PROF. N. M. KAMBLE:

SHRI JAGADISH JANI:

Will the Minister of FINANCE be pleased to state:

(a) what are the criteria to judge Indianisation of foreign companies;

(b) in case there is no change in the absolute control over the affairs of the ex-FERA companies by the Principal Companies abroad, whether such a company

will also be treated as Indianised because of the fact that foreign equity in the company has been diluted to 40 per cent;

(c) what are the details about the control exercise by the Principal companies/of such companies through the provisions of Articles of Association;

(d) whether it is a fact that even after reduction of equity below 40 per cent such MNCs have the right to appoint the Chairman, Managing Director and 1/3rd Directors on the Board of Directors; and

(e) whether it is also a fact that certain resolutions cannot be passed by the Board without the affirmative vote of the Directors of the MNCs; if so, how these companies are being treated at per worth the 100 per cent Indian Companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) Section 29(2) (a) of FERA. 1973 provides that a company incorporated abroad or an Indian Company having more than 40 per cent non-resident interest will require RBI's permission for continuing to carry on its activities of a trading, commercial or industrial nature existing as on 1-1-1974 Guidelines for Administration of this provision of the Act were framed and laid on the Tables of both the Houses of Parliament. Under these guidelines, the companies of the above description are required to bring down their foreign shareholding to 74 per cent/51 per cent/40 per cent depending on the nature and character of their activities. The objectives of the FERA guidelines were to regulate the level of foreign shareholding in companies already operating in India as on 1-1-1974 depending on the nature of their activities, and to minimise the outgo of foreign exchange in the form of profits and dividends Transfer of control to Indian hands is not one of the objectives of FERA. Control of companies is a matter coming within the purview of the Companies Act and is determined primarily by the voting power flowing from the extent of equity holding in the company.

(c) to (e) It may not be advisable to form an opinion on the basis of Articles of Association of only a few former FERA companies. It would be necessary to scrutinise the Articles of all such companies in order to get a precise picture of the manner and extent of control exercised through the Article. In any case, these are matters governed by the provisions of the Companies Act.

Chinese Intrusion into Arunachal Pradesh

1312. DR. BAPU KALDATE:

SHRI M. S. GURUPADASWAMY:

SHRI V. NARAYANASAMY:

SHRI J. P. GOYAL:

SHRI K. VASUDEVA PANICKER:

SHRI SATYA PRAKASH MALAVIYA:

DR. RATNAKAR PANDEY:

SHRI BHUVNESH CHATURVEDI:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Government have protested to the Chinese Government about the intrusion into Arunachal Pradesh by the Chinese soldiers last month;

(b) if so, when was the protest lodged; and

(c) what has been the reaction of the Chinese Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN): (a) Yes, Sir.

(b) the protest was lodged on 26th June, 1986;